



**RE/MAX**  
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## HOT TAX TIPS

### What you should do BEFORE June 30

It's coming up to the end of the financial year and as always there's bound to be a great deal of last minute panicking - rushing to pay bills, collect money, run to the bank and in some cases buy a heap of stuff by close of business Monday afternoon. Mark Batzloff of [Morris & Batzloff](#) debunks some of the end-of-financial-year myths as well as providing some practical tips to prepare you for 'tax time'.

#### Things you should do BEFORE June 30

##### Everyone

- Assess your eligibility for the government's super co-contribution. If your 2008 *gross* income (before deductions) is under \$28,980, then the government will contribute \$1.50 for every \$1 you personally contribute, up to \$1,000 (that's a 150% return on your investment). The co-contribution gradually reduces where gross income exceeds \$28,980, fizzling out at \$58,980. Personal contributions that attract the co-contribution are not tax deductible.
- Tax deductible super contributions are very effective and widely used tax minimisation strategies. But make sure you know the limits. Taxpayers under 50 can only contribute \$50,000 in tax deductible contributions *from all sources*. Taxpayers over 50 can claim up to \$100,000 from all sources.
- Make sure that super contributions for 2007/2008 are received by your superfund by close of business 30 June. Unpresented cheques and late electronic fund transfers are unlikely to count towards 2007/2008 as a deduction.
- If you have purchased an investment property, and it's less than around 25 years old, contact a Quantity Surveyor and enquire about a depreciation report for the property. They can take time to prepare, so get in early. ([Asset Economics](#), ph 1800 191 612)
- You can claim a tax offset if you and your immediate family's net medical expenses (after Medicare & private health claims) exceeds \$1,500. Make sure you have the receipts. Medical expenses include all medication and treatment prescribed by a doctor.
- If you have made a significant capital gain in 2007/2008, consider making a super contribution to offset the gain. But be careful, employees can only generally achieve this via salary sacrifice, and the super limits still apply to everyone.

##### If you're an **employee**:

- You can claim up to \$300 in work deductions without receipts. But if you claim in excess of that, you will need receipts if you get audited. Make sure you can prove all work deductions if they exceed \$300.
- Common work deductions include monogrammed or registered uniform purchases, work tools, work related study, work travel, computer equipment and motor vehicle claims.
- Assets costing \$300 or less can be written off. Otherwise, assets must be depreciated, which significantly reduces the tax deduction. So purchasing depreciable assets costing more than \$300 will not generate any significant tax benefit in 2008.

- Getting a bonus? Consider salary sacrificing it – a contribution to super will avoid the bonus being taxed in your hands. Or ask your employer to declare it in June 2008, but delay the payment to 1 July – you pay the tax 1 year later.
- You need to get all your PAYG Payment Summaries from all employers – so if you've changed address during the year contact any past 07/08 employers.
- If you have private hospital cover, make sure you have the 07/08 tax statement issued by the fund – you might need the details to avoid the 1% Medicare surcharge.
- If you've got the money, pre-pay some interest on your investment loans.

If you're **self employed or employed by your own company or trust:**

- Your 9% employee superannuation guarantee contributions must be received by the superfunds by 28 July to avoid penalties. But if you pay the 9% contributions by 30 June, they are deductible in 2008.
- If your "aggregated turnover" (generally the previous year's gross income) is less than \$2m, your business qualifies for "small business" concessions. You need to be aware of these concessions.
- Small businesses can write off asset purchases where the cost is less than \$1,000. Assets costing \$1,000 or more must be depreciated. This is an important consideration when making asset purchases approaching 30 June.
- Small businesses can choose to only declare cash income, and claim cash deductions. If you have significant debtors, but minimal creditors, this can be a huge tax saving, but you need to make sure expenses are physically paid prior to 1 July to get the deduction.
- Only small business taxpayers can claim prepaid expenses, and only up to 12 months in advance. Non-small businesses cannot claim prepayments.
- If you are not a small business, then make sure all unpaid creditor invoices dated prior to 1 July 2008 are entered into your accounting system to generate the tax deductions.
- Non-small businesses should also delay invoicing customers until July if possible - that will defer that income and the tax on it into 2008/2009.
- Non-small businesses can also claim a tax deduction for bad debts written off prior to 1 July. Make sure you gather evidence to prove your doubtful debts are bad, then make sure they are correctly written off your accounting system as bad debts.

**A few myths briefly explained**

- Assets, including vehicles, purchased prior to 1 July can only be fully written off if you are a small business, and the asset costs less than \$1,000. Otherwise, the deduction is significantly reduced to a depreciation claim.
- Leasing assets, in particular vehicles, prior to 1 July does not generate significant tax savings. You can only claim the monthly repayments, unless you are a small business and you prepay them.
- Contributing to superannuation does not save much tax once your personal income drops below \$30,000. The income you earn between \$6,000 and \$30,000 is generally taxed between 15% and 16.5%. A contribution to super will attract 15% tax in the fund. The tax saving at best is 1.5%, but you cannot access the super until you retire. Be careful contributing to super where your taxable income falls below \$30,000.

This information is general only, and should not be relied upon. You should seek professional advice from your tax advisor. Morris & Batzloff, [www.morrisbatzloff.com.au](http://www.morrisbatzloff.com.au), (ph) 07 3391 8222.

For depreciation advice contact Matt Stanley, Asset Economics, (ph) 1800 191 612.